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THE CHRONICLE
of Higher Education.

October 12, 1988 • $2
Volume XXXV, Number 7

News Summary

Articles on inside pages

The Smithsonian Institution's collection of Duke Ellington's manuscripts reveals the methods and the genius of the composer: Page A4.

Trivial questions were the subject of scholarly scrutiny as mathematicians and amateur puzzle-solvers met: Page A4.

Beta testing, trying out a product on campuses before releasing it commercially, is said to exploit a natural interface between colleges and high-tech industries: Page A13.

What's harder for college officials than seeking public support for a tax increase? Leading a charge against a popular plan to cut taxes: Page A23.

Congress dropped the idea of designating for specific campus projects $46-million from the Pentagon's research budget: Page A22.

The N.C.A.A. and Jerry Tarkanian, the men's basketball coach at the U. of Nevada at Las Vegas, brought their feud to the Supreme Court: Page A35.

The new basketball coach at Tulane U. is, until next year, a man without a team: Page A35.

Britain's top education official and the vice-chancellors of its universities have agreed to find new ways to finance higher education: Page A37.

Chinese education officials denied a report that they were reducing the number of students permitted to go abroad this year: Page A37.

SECTION 1	Pages A1-48
Athletics	A35-36
Books	A7, 19
Business & Philanthropy	A28-33
Coming Events	A43
Computers	A20
Deadlines	A47
Deaths	A43
Gazette	A41
Government & Politics	A22-27
Grants	A33
International	A37-40
Personal & Professional	A13-21
Scholarship	A4-11
Students	A34

SECTION 2	Pages B1-56
Arts	B5
Bulletin Board	B6-55
End Paper	B56
Opinion & Letters	B1-4

FUTURE OF STRATEGIC PLAN IS IN DOUBT

After a 9-Month Series of Public-Relations Debacles, U. of Minnesota Officials Strive to Pick Up the Pieces

By DOUGLAS LEDERMAN
MINNEAPOLIS-ST. PAUL

At the start of 1988, the University of Minnesota was on a roll.

It had passed the $300-million goal of its fund-raising campaign, the most successful drive any public university had conducted. Its president's plan to refocus the university's mission and shrink its size was slowly gaining support around the state. And the Legislature was on the verge of making the hefty financial commitment that was needed to make that plan work.

University leaders aimed for an even-more ambitious goal: turning the Twin Cities campus into one of the country's five best public research institutions.

But in January, the first in a series of public-relations debacles hit, and the university's aspirations began to come apart. Among the headline-grabbing incidents:

- Cost overruns of hundreds of thousands of dollars on the president's official residence and office were revealed.
- The existence of a $70-million reserve fund, unknown to legislators, was uncovered.
- One administrator was accused of embezzlement, and another top official allegedly plagiarized a speech.

The controversies claimed the jobs of the university's president, Kenneth H. Keller, and most of his top aides. And confidence in the enormous, sprawling institution—among legislators, alumni, and the public—was badly undermined.

Now, as a new academic year begins, officials, many of them in interim roles, are trying to pick up the pieces. The past nine months have clearly hurt the university, but just how badly—and how long the damage will last—is unknown.

State's Third Largest Employer

The University of Minnesota has always played many roles in the state: as the land-grant institution, as the only major research university and, for most of its existence, as the only source of public higher education in the Twin Cit-

Continued on Page A16

Both Presidential Candidates' Plans for Paying for College Leave Student-Aid Experts Dismayed

CAMPAIGN 88

By ROBIN WILSON
WASHINGTON

The debate between George Bush and Michael S. Dukakis over who has the better plan to help parents and students pay for college has left many of the experts on student aid sadly shaking their heads. They say the approaches of both candidates, while attractive to middle-class voters, fail to address the most crucial student-aid issues.

The plans developed by the candidates would most help students who can already afford a college education, they say, ignoring the needs of poor and minority students who could most benefit from more federal attention and money. Even the middle-class students for whom the candidates' programs were designed would find them of little help, they add. (See story, Page A26.)

"There is a good deal of political theater in these programs," says D. Bruce Johnstone, chancellor of the State University of New York System and author of several books on student aid. "My concern is that there are students who are being denied opportunity, and I don't hear them as part of the dialogue in this campaign."

One higher-education lobbyist here who

Continued on Page A26

Shakeup in Soviet Union Seen Accelerating Pace of Education Reforms

By PATRICIA LEGRAS
MOSCOW

The pace of economic, social, and educational change in the Soviet Union is widely expected to accelerate in the wake of the consolidation of political power that Mikhail S. Gorbachev has brought about in recent days.

Even before Mr. Gorbachev's dramatic shakeup—including his taking over as President and the removal or shunting aside of opponents of his program of *perestroika*, or restructuring—his subordinates in the educational wing of the government were beginning to move ahead on reforms aimed at decentralizing academic governance and improving the quality of higher education.

Now, according to many analysts both here and abroad, the Soviet leader should be in a much stronger position to carry his policies forward.

Some indications of the direction in which Mr. Gorbachev wants to take higher education have been provided by recent

Continued on Page A40

Young People Found Widely Misinformed About Cost of College

By DENISE K. MAGNER
WASHINGTON

Most young Americans think a college education costs three times as much as it actually does, a new Gallup poll has found. But that is not deterring most of them from selecting careers that require a college degree.

However, the survey found, one in four high-school students has either ruled out or is uncertain about attending college. Many cited cost—not a lack of interest or ability—as the key factor preventing them from pursuing a degree.

The poll was commissioned by the Council for Advancement and Support of Education and is being released this week.

Two-thirds of the students in the poll who were in junior and senior high schools said they expected to graduate from col-

Continued on Page A34

Colleges Assess the Damage From the Crash of '87

Nearly a year after the worst stock-market plunge since 1929, colleges and universities are still assessing the financial damage. A status report:

- Thousands of faculty members saw the value of their retirement savings take a nose dive, but the plunge apparently caused little lasting damage to pension plans: Page A30.
- Although some endowments have rebounded, many colleges and universities are still struggling to rebuild their funds: Page A28.
- A lucky 100 college endowments were shielded from losses through a special investment program in the Common Fund: Page A31.
- College fund raisers say fears that the crash would devastate giving generally have not materialized: Page A29.
- Although philanthropic foundations took a beating last year, many say their grant-making programs have been little affected: Page A30.

MARGINALIA

Writes John Muller of Southern Illinois University at Carbondale:

"The [people at the University of California at] Irvine have more historical and linguistic sense behind them in using 'Everyone . . . their" than is suggested by the Marginalia column of 21 September.

"A quick reference to the *Oxford English Dictionary* will reveal that usage of *their* as a non-gender-specific pronoun is ancient in English. Indeed, an equally easy reference to the language spoken by real people (sometimes even including linguistic pedants) will reveal that this usage is far more common than is the 'Everyone . . . his' construction.

"Thus, the social solution for avoiding sexist pronouns is reduced to the relatively simple matter of re-educating a few thousand editors and English teachers. . . ."

■

Says H. W. Fowler's *A Dictionary of Modern English Usage* (like the O.E.D., published by Oxford University Press):

"Pronouns & possessives after *each, every, anyone, no-one,* &c. *Everyone without further delay gave* themselves *up to rejoicing. / But, as anybody can see for* themselves, *the quotation of the actually relevant portion of the argument in our columns would have been destroyed . . . Each* & the rest are all singular; that is undisputed; in a perfect language there would exist pronouns & possessives that were of as doubtful gender as they & yet were, like them, singular; i.e., it would have words meaning him-or-her, himself-or-herself, his-or-her. But, just as French lacks our power of distinguishing (without additional words) between his, her, & its, so we lack the French power of saying in one word his-or-her. There are three makeshifts:—A, *as anybody can see for himself or herself;* B, *as anybody can see for themselves;* & C, *as anybody can see for himself.* No-one who can he[lp], it chooses A; it is correct, & is sometimes necessary, but it is so clumsy as to be ridiculous. . . . B is the popular solution; it sets the literary man's teeth on edge, & he exerts himself to give the same meaning in some entirely different way if he is not prepared, as he usually is, to risk C; but it should be recorded that the OED, which quotes examples under *every, they, & themselves,* refrains from any word of condemnation. C is here recommended. It involves the convention that where the matter of sex is not conspicuous or important *he & his* shall be allowed to represent a person instead of a man, or say a man (homo) instead of a man (vir). Whether that, with A in the background for especial exactitudes, & paraphrase always possible in dubious cases, is an arrogant demand on the part of male England, everyone must decide for himself (or for himself or herself, or for themselves). . . ." —C.G.

In Brief

Judge Lets 5 at Catholic U. Join Curran's Lawsuit

A District of Columbia Superior Court judge has allowed four Catholic University theology students and one graduate of the university to become co-plaintiffs in the Rev. Charles E. Curran's breach-of-contract suit against the university.

Earlier this year, the university's trustees withdrew Father Curran's canonical mission to teach in an ecclesiastical department and offered him a position in sociology. Father Curran says he was told he could no longer teach Catholic theology or theology students.

The five contend that the university violated the student-university contract by prohibiting his instruction, and that it cheapened their degrees by forbidding a free exchange of ideas. They ask that Father Curran be allowed to teach theology once again and seek actual damages for lost time, for the devaluing of their degree, and for expenses incurred in receiving their education elsewhere.

In the current academic year Father Curran is teaching at the University of Southern California. The suit is scheduled to go to trial on December 14.

Boston U. Official Denies CIA Involvement

H. Joachim Maitre, dean of Boston University's College of Communication, last week said he might have been unwittingly entangled in a domestic-propaganda campaign of the Central Intelligence Agency, but maintained that there was no solid proof that he was.

The Boston *Globe* reported last week that two projects directed by Mr. Maitre, including a journalism program for Afghan refugees and a documentary on the Nicaraguan contras, were part of an illegal C.I.A. campaign to win public support for Reagan Administration policies in Central America.

Before Mr. Maitre was named dean of the college last year, he directed a Congressionally mandated journalism-training program in Pakistan that prepared Afghan refugees to report the war in their country. At the time, he was a professor of both international relations and journalism at Boston University.

The *Globe* quoted Mr. Maitre as saying the project "could very well have been" part of a covert effort run out of the National Security Council. In a subsequent editorial, the newspaper criticized the university for allowing the communication college to become involved.

Mr. Maitre told *The Chronicle* that he had been unaware of any such campaign by the C.I.A.

Student Charged in Fire That Damaged Dormitory

A student at Crowder College has been charged with first-degree arson in connection with a fire in one of the college's dormitories. The student, Edward Weber, was arraigned in Newton County, Mo., Circuit Court.

Mr. Weber, who was enrolled in the two-year college's water-technology program, is being held on $50,000 bond in the Newton County Jail. A preliminary hearing is scheduled for October 26.

The fire caused extensive damage to three rooms and forced the evacuation of 31 students.

A spokeswoman for the college said the amount of the damages had not yet been determined, nor had any motive for Mr. Weber's alleged actions been established.

Berkeley Agrees to Pay Fees to City Government

The University of California at Berkeley has agreed for the first time to begin paying fees to the city of Berkeley on new off-campus student housing facilities, to help defray costs for services the city provides.

Although the university, as a state agency, is exempt from city property taxes, the city has long complained that the campus requires a high level of costly fire, police, and other municipal services for which it pays little.

The new agreement requires the university to pay fees to the city based on the rents received from students but only in connection with new property acquired by the campus for housing.

City officials estimated the fees at about $400,000 over the next few years, but Dorothy A. Walker, the university's director of community affairs, said they would amount to only about $200,000, spread into the 1990's.

Campuses to Celebrate Volunteer Work by Youth

Students at 185 colleges and universities nationwide will take part in special activities this week to help mark "A Day in the Life of Youth Service."

The event, sponsored by Youth Service America and the Campus Outreach Opportunity League, is aimed at increasing public awareness of volunteer work by young people. Students will document

Academy for Oppressed Overseas Scholars Planned

NEW YORK

Bard College is organizing a program that will bring to the United States young artists, scholars, and scientists whose native countries do not grant them full freedom of expression.

Those invited to be fellows in the program, to be called the International Academy for Scholarship and the Arts, will spend a year or more on the campus of an American liberal-arts college. The fellows will teach classes in addition to pursuing their own work.

Seven institutions have already agreed to participate in the academy program—Bryn Mawr, Dartmouth, Davidson, Haverford, St. Augustine, and Vassar Colleges, and Lincoln University in Pennsylvania. Bard officials hope eventually to enlist about 15 colleges and universities.

The plans were announced at a news conference here last week by Bard's president, Leon Botstein, who said the academy would be "a haven for the freedom of inquiry" that would serve "serious and gifted scholars and artists from all over the world." He added that the Ford Foundation had given the academy a $100,000 planning grant.

Bias-Free Process

Mr. Botstein was joined at the news conference by Miklos Haraszti, a Hungarian writer now in residence at Bard, and by several members of the program's advisory board, including the writers Philip Roth and Susan Sontag. The advisory board, which will choose the fellows, will attempt to devise a selection process that is free from ideological bias, Bard officials said.

Most of the fellows are expected to be younger people without international reputations. Among them will be people who have already left their homelands; people who, as a matter of conscience, are seeking to leave; and people who would welcome a chance to come to the United States temporarily.

The academy will help fellows arrange for publication, exhibition, or performance of their works—in English and, if possible, in their native languages. It will also organize meetings and conferences at colleges in the program to give fellows an opportunity to discuss their work. —L.B.

CELEBRATING GEORGETOWN'S BICENTENNIAL

AP/WIDE WORLD

President Reagan received an honorary Doctor of Humane Letters degree at ceremonies marking Georgetown University's 200th anniversary. The Rev. Timothy Healy, right, the university's president, and the Rev. J. Donald Freeze, its provost, conferred the degree.

The Chronicle of Higher Education (ISSN 0009-5982) is published weekly except the last two weeks in August and the last two weeks in December, at 1255 Twenty-Third Street, N.W., Washington, D.C. 20037. Subscription rate: $35 per year. Second-class postage paid at Washington, D.C., and at additional mailing offices. Copyright © 1988 by The Chronicle of Higher Education, Inc. Printed in the United States of America. POSTMASTER: Send address changes to The Chronicle of Higher Education, P.O. Box 1955, Marion, Ohio 43305. Member, Audit Bureau of Circulations. The Chronicle reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Give & Take

When New York University honors a donor, it doesn't skimp on the details.

The university is naming its schools of business for Leonard N. Stern, the pet-products magnate and owner of the *Village Voice*. He is giving $30-million to the university, and a special academic convocation to commemorate the gift is slated for October 20.

But N.Y.U.'s public-relations machine couldn't wait that long to spread the word—and unveil its handiwork. At a press conference last week, reporters received folders embossed in gold with the school's new logo and new name, stuffed with press releases featuring "STERN" printed in the letterhead, in large white letters against a purple background.

"We wanted to hit the ground running," said Richard Kwartler, public-affairs director for the school. "The stationery is here, the flag will go up. It's as though a new entity is being born. Slowly, every element will be uniform."

Sure enough, the old "G.B.A. Update" newsletter—for Graduate School of Business Administration—becomes the "Stern School Update" this week.

■

The speed of the changes might not suggest it, but N.Y.U. had been silent about Mr. Stern's gift until the formal announcement last week.

That didn't mean it was a secret, however. Early word appeared in New York papers and *The Chronicle* last month.

They correctly reported the gift as the largest ever to the university. But, it turns out, they also made a costly error. They underestimated the gift by $5-million.

That may have provided solace to N.Y.U. officials, who had kept quiet until last week. But they need more than consolation now.

They've changed the stationery, but what of more lasting recognition? The old school buildings already have names, and the new facility that Mr. Stern's money will support won't be completed until 1991.

There's no solution—yet. Promises Robert R. Ashton, an associate dean: "We'll find a — suitable way to recognize Mr. Stern and his name."

PHILANTHROPY HIGHLIGHT

Acceptance Rates of Grant Proposals

Number of grant proposals and inquiries received in 1987 by the Ford Foundation: 17,000. Number of grant proposals approved: 1,900. Acceptance rate: 11.1 per cent.

■

Number of grant proposals and inquiries received by the Lilly Endowment: 3,485. Grants approved: 685. Acceptance rate: 19.6 per cent.

SOURCES: FORD FOUNDATION, LILLY ENDOWMENT

Business & Philanthropy

Effects of Last Year's Crash Linger Among Colleges; Many, Now Wary of Stocks, Shift Portfolio Mix

Some funds have not regained levels they reached in mid-1987

By GILBERT FUCHSBERG

The stock-market crash of 1987 is ancient history to most college endowment managers, but they will not soon forget its effects: A year later, many endowments are still struggling to return to the levels they had reached before the crash.

Although some endowment funds have rebounded fully, the crash dealt so serious a blow that many remain below their levels of mid-1987, despite efforts by college officials to rebuild the funds using new investment strategies.

In the months immediately following the October 19 decline, one study reported, endowments declined an average of about 13 per cent. Many have since recouped a significant portion of that loss, but the recovery was not complete as of the end of the last academic year.

In an informal survey by *The Chronicle* of a dozen colleges nationwide, nine said the market value of their endowments had slipped over the past year. The declines ranged from less than 1 per cent to nearly 12 per cent (see accompanying table).

If similar figures hold for colleges over all, last year may prove the first since 1983-84 in which the average value of college endowments dropped. After a decline of 2.2 per cent that year, endowments grew at double-digit rates from 1984 to 1987.

Crash Stunted Growth

The crash stunted that growth, but how severely may not be known until January, when the annual endowment study by the National Association of College and University Business Officers is released.

Interviews with college financial officials, however, indicate that the crash did have a lasting impact. Most endowments remain heavily invested in traditional stocks and bonds, but many colleges have moved since the crash to increase their holdings in real estate, venture capital, and foreign companies, among other areas.

Just a few years ago, many endowment managers considered such options unproved and overly speculative. But with the markets now considered less stable and less certain to produce consistently strong returns, colleges increasingly view some of the alternatives as safe ways to diversify their holdings and thus protect against the risk of another sharp market decline.

Emory University, for example, plans to transfer up to 10 per cent of its endowment into real-estate investments and an additional 5 per cent into venture capital over the next several years.

The changes are "protection against being too heavily dependent on any one area," says John L. Temple, Emory's executive vice-president. Before the crash, Emory had virtually all of its money in stocks and bonds, with less than 3 per cent in real estate and none in venture capital.

Since the crash, Case Western Reserve University has reduced from about 58 per cent to 52 per cent the proportion of its endowment invested in stocks, while at the same time increasing its stakes in real estate and the international bond market. "All of this is a risk-reward kind of situation," says R. James Henderson, vice-president for finance and administration at Case Western. "There's just no such thing as batting 100 per cent."

Market Values of Selected College Endowments
(In millions)

	June 30 1987	Post-crash: December 31 1987	Post-crash: June 30 1988	1-year change
Case Western Reserve University	$ 342	$ 305	$ 333	– 2.6%
Columbia University	1,403	1,248	1,375	– 2.0
Emory University	792[1]	670[2]	698[3]	– 11.9
Kalamazoo College	33.2	32.2[4]	34.5	+ 3.9
Northwestern University	832	765[4]	827	– 0.6
Occidental College	127	128	130	+ 2.4
Smith College	300	270	294	– 2.0
Swarthmore College	276	251	274	– 0.7
Texas Permanent University Fund [5]	3,395[1]	3,092[4]	3,227[1]	– 4.9
University of Illinois	138	122[4]	141	+ 2.2
University of Virginia	396	358	394	– 0.5
Vanderbilt University	509	460	499	– 2.0

[1] As of August 31 [2] As of November 30 [3] As of May 31 [4] As of October 31 [5] Includes partial endowment funds of University of Texas and Texas A&M Systems.

SOURCE: CHRONICLE REPORTING

Bonds Are Popular

Despite moving markedly into new areas, college financial officers say they are hardly abandoning traditional markets.

Bonds have long been viewed as safe investments because of their guaranteed yields, and their popularity has increased in recent months. Stocks, meanwhile, remain the most popular investment for most colleges and universities, but are unlikely to regain soon the pre-crash dominance they held in virtually every portfolio—typically ranging from 60 to 75 per cent.

"We invest on the long term," says Larry C. Selgelid, treasurer of Smith College. "Returns have been better on the equity market over time than in many other investment areas."

Indeed, the stock market gave colleges far more in recent years than it took away last October. Swarthmore College, for one, saw its endowment increase in value more than 15 per cent annually during the five-year market rally.

"I think the crash provided a healthy dose of realism for the fact that you can't expect to compound at 15 to 20 per cent forever," says Loren Hart, Swarthmore's treasurer.

Even as they diversify their holdings to protect themselves from the vagaries of Wall Street, many colleges continue to view the market as the best place to maximize their returns. What has changed since the crash is that endowment managers, like other investors, are less confident about which stocks to buy and when to buy them.

"We're struggling to find a strategy to reinvest in the market," says Alice H. Gerow, treasurer at the University of Virginia, which has cut its stock holdings from 60 per cent of its endowment to 55 per cent.

"We don't have the choice to get out" of the market, adds Mr. Temple of Emory. "The issue is how to best manage in an environment that you know is not totally stable."

Emory recently hired a financial consultant to help manage its endowment, becoming one of the many colleges that have sought in the last year to bolster the quality and amount of information they have for making investment decisions.

MICHAEL MARSHALL, U. OF VIRGINIA

U. of Virginia Treasurer Alice H. Gerow, who has cut endowment's stock holdings: "We're struggling to find a strategy to reinvest in the market."

'Spending Rates' Not Changed

Beyond hunting for better advice, colleges have not reported significant changes in their operations as a result of the crash. None of the financial officers interviewed says his or her college has cut back on programs. All say their "spending rates"—the formulas most colleges use to determine how much of their endowments they may spend in a given year—have remained untouched since the crash.

Because most spending rates account for an endowment's market value and earnings over a three-to-five-year period, college officials say, last year's drop in returns will actually prove less damaging than might have been expected.

A decline that lasted for several years, however, could change the situation significantly. Independent colleges rely on income from their endowments to supply an average of about 11 per cent of their annual budgets, while at public institutions the figure is nearly 3 per cent.

Many financial officers grew cautious about the market well before last October

and acted to decrease the proportion of stocks in their portfolios. As early as six to nine months before the crash, "most persons who were investing had reached the stage where they felt that the market had simply risen to unsustainable levels," says Roberta M. Weil, vice-president for investments at Columbia University.

Those colleges that had cut their stock holdings were hurt less severely in the crash. But even those institutions were affected by the market's fall, and all took a lesson from it.

'Much More Nervous'

The crash "made all of us much more cognizant of the value of that asset called endowment, and much more nervous about it," says Mr. Henderson of Case Western. "We worry about where it is, and we are always anxious about it."

Following are the experiences of several colleges and universities over the past year:

Harvard University. Harvard, which perennially reports the largest endowment, declined to disclose its latest performance figures, pending further reviews.

But Roderick M. MacDougall, Harvard's treasurer, says the university finished last year with a "modest increase" over the year ending June 1987, when the endowment stood at just over $4-billion.

He says the university had reduced its stock holdings from nearly 70 per cent in May 1987 to about 50 per cent in the months just before the crash. The stock level now fluctuates between 45 and 55 per cent of the endowment, he says.

Texas Permanent University Fund. Before the crash, the Permanent University Fund, the giant combined account of the University of Texas and Texas A&M University systems, peaked in value at about $3.4-billion.

The crash took a large bite out of that amount, but not as large as it might have been. By selling stock from the start of 1987 and continuing through the crash, the fund's managers reduced their stock holdings to about 33 per cent.

After a short spurt of buying stock since the crash, they have been selling again. The portfolio now has about 55 per cent in bonds, 30 per cent in stocks, and 15 per cent in so-called cash equivalents, or short-term investments. "We're kind of holding our cash and seeing how to play," says Michael E. Patrick, who directs the fund. As of late summer, the Permanent Fund was valued at about $3.23-billion, down about $170-million from last year.

Northwestern University. Northwestern's endowment dropped in value 10 per cent last October, from $849-million to just under $765-million. But that did not prevent John B. Borsch Jr., director of investments, from putting $20-million in new money into the market in the weeks following the crash.

"We try to buy things when they're out of favor," he says. Those purchases and others have paid off, Mr. Borsch says. With increased stakes in real estate and venture capital, and a cut in stock holdings from 52 to 46 per cent, Northwestern's endowment income rose from $53-million in 1986-87 to $60-million in 1987-88.

That rise was not enough to compensate fully for the market's decline. For the year ending June 30, the total market value of Northwestern's endowment was down slightly, to $827-million from $832-million.

Kalamazoo College. Officials at Kalamazoo made a smart decision last October 1: Just weeks before the crash, they cut their investments in stock from 62 per cent to 49 per cent of the endowment and put the difference into bonds.

That move helped protect the college from catastrophe. Even so, the endowment slipped $1-million to $32.2-million.

Keeping the stock level at under 50 per cent, the college increased its endowment over the year, to $34.5-million. But Kalamazoo's long-range view does not preclude pouring more money into stocks, says Thomas M. Ponto, director of business and finance.

"Even when you go through an experience like this, it's not the sort of thing you automatically discard," he says. ■

A frantic trader calling for attention at Chicago's Board of Options last October 19. In the months just after the crash, college endowments dropped an average of 13 per cent, one study reports.

Panic Among College Fund Raisers Abates as Giving Appears to Survive Stock Crash

By LIZ McMILLEN

After a wave of panic last year about the impact of the stock-market crash on college fund raising, giving to higher education appears to have weathered the crisis.

Following the crash last October, college fund raisers and representatives of organized philanthropy worried that the market plunge would jeopardize major gifts, year-end giving, and capital campaigns.

One year later, college fund raisers say that, for the most part, that hasn't happened. While some institutions have seen a slight drop, or a slowdown in the growth of their contributions, few say the crash has had a lasting negative effect on private giving to colleges.

Some institutions—among them Clemson University and the Universities of California at Los Angeles and Virginia—had their best fund-raising year ever in 1987-88, reporting record levels of alumni giving and corporate and foundation support.

Fund raising at many institutions was down, especially for the universities that raise the most money. Among the eight Ivy League institutions, the Massachusetts Institute of Technology, and Stanford University, private giving at all but two—Yale University and the University of Pennsylvania—declined in 1987-88.

The colleges in that group—whose fund raisers meet annually to share results—usually receive about 15 per cent of all the voluntary support given to higher education, and they serve as something of a benchmark for other institutions.

Their totals "would lead one to think that if things stay even, we'll be lucky," says Jane F. Hammond, director of research at the Council for Aid to Education, which releases an annual report on total voluntary support.

Most college fund raisers seem to have swallowed hard and adapted to a tougher fund-raising climate. They are stepping up their annual-giving programs, which generally do not depend on stock gifts, and developing flexible plans with donors.

$1.1-Million Deficit at Princeton

"We are beginning to see that things are becoming more normal—if normal is possible these days," says Philip J. Brunskill, director of development at the State University of New York at Buffalo.

Few if any colleges have reported cancellations or withdrawals of major gifts because of the crash. Stories like the one at the University of Cincinnati, where a donor postponed a six-figure gift because of a drop in the price of her Procter & Gamble stock, are rare.

More common, says R. Samuel Baker, vice-president for development at Cincinnati, are donors' requests to extend their payments on a pledge. "Our answer, naturally, is Yes," says Mr. Baker.

A drop in donations was one of the factors blamed for a $1.1-million deficit at Princeton University, where fund raisers had hoped to raise $18.3-million from alumni, but collected only $16.7-million. That was a 4.5-per-cent decline from 1986-87, when $17.5-million was collected.

"A combination of factors, including a change in the tax structure but more importantly the stock-market crash, affected the amount of money alumni felt they could commit to the university," says Justin Harmon, a Princeton spokesman.

At Cornell University, overall giving was down by 5 per cent, from $149.7-million to $142-million.

"We saw an impact, like everyone else, on large gifts," says Inge T. Reichenbach, Cornell's director of university development. Ms. Reichenbach says private giving in 1987-88 would have stayed at the same level as the year before if the university had received multi-million-dollar gifts, as it did in 1986-87.

At several colleges and universities,

Continued on Following Page

Fund Raising Before and After the Crash
(In millions)

	Period ending June 30, 1987	Period ending June 30, 1988	1-year change
Cornell University	$149.7	$142.0	− 5.1%
Clemson University	7.3	10.3	+41.1
Grinnell College	13.6	4.2	−69.1
Massachusetts Institute of Technology	101.4	96.9	− 4.4
Pomona College	16.5	33.7	+104.2
University of Cincinnati	25.1	30.4	+21.1
University of Michigan	61.2	68.3	+11.6
University of Pittsburgh	17.5	24.4	+39.4
University of Virginia	38.2	45.5	+19.1
Wellesley College	22.9	18.7	−18.3
Williams College	18.2	14.6	−19.7
Xavier University of Louisiana	3.6	4.5	+25.0

SOURCE: CHRONICLE REPORTING

Business & Philanthropy—continued

overall giving rose, but contributions of stock were sharply down.

The University of Michigan, for example, raised $68.3-million in 1987-88, up 11 per cent over the year before. However, gifts of appreciated property, which includes gifts of stock, dropped from $9.3-million in 1986-87 to $2.3-million in 1987-88.

Despite that drop, a Michigan fund raiser says the market plunge did not necessarily affect the typical big giver.

"Most people who give six or seven-figure gifts are not people who have very recently secured that appreciation," Roy Muir, managing director of individual giving programs at the university, "It's generally people who've been in the market for a while."

Similarly, at the Massachusetts Institute of Technology, gifts in the $1,000-to-$5,000 range—which are usually given in the form of securities—were down by 7 per cent in 1987-88. Overall giving to M.I.T. was also down, from $101.4-million to $96-million.

Some college officials play down the role of the crash and suggest that tax reform has had a greater impact on fund raising. Changes in the tax law prompted many donors to give to colleges at year's end in 1986, rather than lose the tax advantages in 1987. Those changes helped spur a 28-per-cent increase in voluntary support to higher education in 1986-87.

"A great many colleges had an extremely good year in 1986-87 because of the real incentive provided by the change in the tax law, which makes any decline more stark," says Michael Oman, director of development at Williams College.

'We Just Didn't Get Really Big Gifts'

Officials at Grinnell College, which had nearly a 70-per-cent decline in giving, don't blame the drop entirely on the crash.

"We actually got more gifts this year," says Thomas K. Marshall, vice-president for development at Grinnell. "We just didn't get really big gifts."

For colleges that fared well, the crash offered an opportunity to boast about their prowess at filling their coffers in difficult economic times.

The University of Pittsburgh's fund-raising efforts "didn't miss a beat," says Roy J. Nirschel, director of development and alumni affairs. "I'm surprised by how seldom I actually heard anything about the stock market."

The university reported nearly a 40-per-cent increase in overall giving—to $24.4-million in 1987-88 from $17.5-million in 1986-87—including a 12-per-cent increase in its annual fund. More than $140-million has been collected so far in the university's $225-million capital campaign, which began two years ago.

'Part Luck, Part Timing'

Xavier University of Louisiana received three gifts of $1-million or more this summer, including grants from the Howard Hughes Medical Institute and Charles Stewart Mott Foundation and a gift from the publisher Walter Annenberg.

The university's fund raising "didn't have anything to do with the stock market," says Clarence Jupiter, director of development. "It was part luck, part timing, and part hard work."

Likewise, the market plunge didn't seemed to faze officials at the State University of New York at Buffalo, which has raised about $15-million in a $52-million campaign kicked off on the day of the crash.

But then the university has had a little practice with adversity: Its first major fund drive was started 12 days before the stock-market crash of 1929.

Initially, Buffalo decided to take a cautious attitude. "There were some prospects we were planning to contact, but we decided we would be more guarded," says Mr. Brunskill. A few donors, including one with a major gift, told campus fund raisers that they wanted to postpone their gifts.

Now, Mr. Brunskill says, the university "is being much more aggressive" about contacting possible donors. ■

Crash Cut Into Many Foundations' Assets, but Few Alter Their Grant-Making Plans

The market crash took their assets on a roller-coaster ride last year, but foundations say they survived the bumps and kept their grant-making plans largely on track.

Many have juggled their investments to help bring their assets back to their peak pre-crash levels, but few have succeeded. Several of the nation's largest funds, including the Ford Foundation, the Pew Charitable Trusts, and the Robert Wood Johnson Foundation, report declines in assets over the past year averaging between 8 and 10 per cent.

Nevertheless, foundation officials say the declines have not affected their grant-making plans in significant ways.

That's because, in most cases, foundations lost last October only what they had gained since 1987 began. Because foundations typically base their grant budgets on the value of their assets averaged over a period of at least 12 months, and because many ended 1987 near where they were at the end of 1986, the net effect of the crash proved less than significant, foundation officials said in recent interviews.

"It went up nicely, and it came down nicely, leaving us pretty much where we were," said John E. Marshall, III, president of the Kresge Foundation, which lost about $150-million in the crash. Kresge's assets finished 1987 slightly down from the end of 1986, but have since passed the 1986 total and now stand at just over $1-billion.

The Ford Foundation's funds fluctuated wildly in the weeks after the crash, and stabilized to end 1987 at $4.7-billion. That was about $600-million less than where they stood before the crash, but just slightly below their level at the end of 1986. The funds now stand at nearly $4.9-billion.

Changes in Investment Strategies

"The world did not come to an end as many people were expecting," said John W. English, vice-president and chief investment officer at Ford.

The Alfred P. Sloan Foundation lost more than $60-million in the last quarter of 1987, but has now surpassed its year-end level and values its assets at about $510-million. It plans to pay out some $23-million this year, up from $21-million in 1987.

The Pew Trusts also plan an increase in giving, to $132.7-million through the end of this year, up from $130.4-million in 1987. The Ford Foundation expects to award $214-million in 1988-89, about the same amount it gave in the year just ended on September 30.

The crash may not have affected grant-making greatly, but it did change the way many foundations invest their assets. Most have decreased slightly the proportion of their assets in stocks, and increased the proportions alloted to bonds, real estate, foreign stocks, and other investments. But most foundations continue to invest at least half their assets in the stock market, because that is where they see the greatest potential for long-term growth.

"We're not traders; we don't go for the quick buck," said Mr. Walsh of the Robert Wood Johnson Foundation, a $2-billion fund that has not reduced its 70-per-cent stock level over the last year. "We intend to be in business in perpetuity."

—GILBERT FUCHSBERG

Professors Eye Pension Plans More Closely After Losing Year's Gain in Market Drop

By KATHERINE S. MANGAN

One year after the stock market took its historic nose dive, dragging down the value of thousands of faculty members' and administrators' retirement savings, most experts agree that the plunge caused little lasting damage to pension plans in higher education.

The decline in the market, which followed a period of tremendous growth, did reduce the income of retired faculty members who had been reaping the benefits of a five-year bull market. It also wiped out about a year's worth of gains that many soon-to-retire employees had counted on.

Nevertheless, by the end of 1987, most pension-plan participants were no worse off than they had been at the beginning of the year, and a lot better off than they were a few years ago.

No Drastic Shifts

"When I point out to people that it didn't wipe out 10 years of growth but maybe 10 months, it's very reassuring," says Laraine I. Volkman, benefits administrator at the University of Washington.

Faculty members on her campus are a little more wary of stock-related investments now, but they have made no drastic shifts in their investment strategies, she adds. "It's business as usual, but people are a little more conservative," she says.

Ms. Volkman also says faculty members are paying more attention to their investments and are increasingly interested in alternatives to the university's current retirement plan, which offers benefits through higher education's largest pension companies, the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. The plan will be supplemented in January by investment alternatives offered by competing companies.

TIAA-CREF does not allow its policyholders to transfer freely their accumulations among TIAA-CREF funds or to competing funds, but is in the process of easing those restrictions.

Public Systems Also Survived

Public retirement systems also survived the crash with few scars. The Teacher Retirement System of Texas, for instance, which has 38 per cent of its assets in the stock market, ended 1987 up 3 per cent in total return, according to George Reagan, an investment officer. The stock portion was down about 6 per cent.

"Even though we had a huge bull market followed by a huge crash, at the end of the year we ended up with a positive return," he says of the system's overall returns.

A spokeswoman for TIAA-CREF says the effects of the stock-market plunge were more than offset by the market's strong performance over the previous five years.

Currently, policyholders can invest in TIAA, a fixed-income fund, or CREF, a stock fund that has about $29-billion in assets. Under current company restrictions, participants can shift money from CREF to TIAA, but once the money is switched, it cannot be transferred back. Most participants have their money divided between the two funds. Thus, for many, the market dive directly affected only a portion of their savings.

The income that retirees receive through CREF is determined by the value of a CREF annuity unit, which is adjusted each May to reflect stock-market performance in the previous 12 months. That value stays in effect for the year. Over the last five years, the value of a CREF annuity unit increased 171 per cent, followed by an 11-per-cent drop in the unit's May 1988 value.

For Some, Bitter Disappointment

Those who were still accumulating money also did extremely well during the bull market: A $1,000 accumulation in CREF in September 1982 was worth about $3,390 in September 1987, according to figures provided by the company. At the end of 1987, that investment was worth about $2,650.

Still, for those who were nearing retirement and were counting on income that their CREF investments had earned earlier in 1987, the crash came as a bitter disappointment.

"For the past year, I've been treading water, trying to catch up to where I was a year ago," says Wallace C. Dunham, dean of the College of Life Sciences and Agriculture at the University of Maine at Orono. "What I should have done is shift part of that CREF money into TIAA to lock in the gains I had made, but I wasn't paying enough attention."

Mr. Dunham, who is 58, had planned to retire at age 62, but he says he may have to work a little longer to assure that his retirement income is adequate.

Shortly after the crash, some campus officials speculated that many people in the same position as Mr. Dunham would seriously consider delaying retirement. However, most employees' retirement plans probably have not changed, they now say.

One of the results of the market drop is that faculty members are studying their retirement investments more closely, says Joyce A. Fecske, vice-president for human resources at De Paul University.

"The only good thing you can say about the crash is that people for the first time really looked at those [TIAA-CREF] statements," she adds. "It really opened their eyes."

In the aftermath of the crash, benefits